

**BEST FINANCIAL PRACTICES**  
**LOUISIANA LOCAL GOVERNMENT**

**July 2004**

**LOUISIANA LEGISLATIVE AUDITOR**

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A large part of the booklet has been derived from the publication *Indicators for Florida School Government Best Financial Management Practices* (January 1998) published by the Office of Program Policy Analysis and Government Accountability (OPPAGA), State of Florida. The Florida Legislature, OPPAGA, and the Auditor General are commended for their efforts in establishing and distributing these best practices as a guide, useful for all local government.

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## INTRODUCTION

This booklet contains indicators of best practices for Louisiana's local government. Much of this booklet has been taken from *Indicators for Florida School Government Best Financial Management Practices* published by the Office of Program Policy Analysis and Government Accountability from the State of Florida.

Units of local government are encouraged to use this publication as a measure of their practices and accountability to the public they serve. These practices cover the efficient use of resources, compliance with generally accepted accounting principles, and control of costs, management, and operations.

These financial management practices are divided into sections on:

Chapter 1	Management Structures
Chapter 2	Performance Accountability
Chapter 3	Personnel Systems and Benefits
Chapter 4	Internal and External Audits
Chapter 5	Asset Management
Chapter 6	Risk Management
Chapter 7	Financial Management
Chapter 8	Purchasing
Chapter 9	Information Systems
Chapter 10	Facilities Maintenance
Chapter 11	Facilities Construction

These practices can, and should be, modified to fit each local government's environment and operations.

## **Chapter 1: Indicators of Best Financial Management Practices**

The indicators of best practices presented in this booklet come from other states' professional literature and consultation with many parties interested in local government finance, such as experts in local government financing, finance officials and staff of local government, and professional organizations. While the number and type of the indicators vary based on the specific best practice, they focus on areas such as:

1. Has the government developed appropriate performance and cost efficiency measures for its programs?
2. Can the government demonstrate that major expenditures including construction costs, are reasonable?
3. Has the government analyzed the benefits of outsourcing, contracting, and joining with entities to provide services?
4. Has the government developed and clearly defined its priorities, goals, objectives, and strategies and related them to program performance and goals?
5. Can the government demonstrate that it aligns expenditures with the priorities established by its governing body?
6. Can the government provide evidence that it adheres to appropriate state and federal requirements?

And

7. Can the government provide evidence that, when considering issues with significant financial implications and proposed budgets, management and the governing board solicits feedback from the public?

## Chapter 2: Management Structures

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government's organizational structure and staffing levels ensure that public programs operate efficiently and effectively.**

1. The government's organizational structure has clearly defined units and lines of authority. These are reflected in the government's organizational charts and job descriptions which are reviewed periodically and updated as necessary, to include a comparison with state law or the implementing ordinance.
  - a. Administrative positions are reflected in the government's organization chart and have clearly described written job descriptions that are reviewed and updated as necessary.
  - b. The government's organizational structure is clearly depicted in its organizational chart with clearly defined units and lines of authority.
  - c. Each government procedures manual is up-to-date, in writing, and circulated throughout the government to appropriate staff.
2. The government periodically reviews its organizational structure and staffing levels to minimize administrative layers and processes.
  - a. The government can demonstrate that it periodically reviews its organizational structure and staffing levels to minimize administrative layers and processes, to include a comparison against budget documents.
  - b. In conducting this review, the government uses staff feedback.
  - c. The review includes a comparison of the government staffing levels to comparable governments.
  - d. The government can demonstrate that it has appropriate structure and staffing based on applicable benchmarks.
  - e. The government reports its organizational structure and administrative staffing review findings in writing and distributes these findings to governing board members.
  - f. The government implements changes to its organizational structure and staffing levels and processes when necessary.
3. The board members exercise appropriate oversight of the government's finance resources.
  - a. The budget for the government is prepared in such detail and organization that it parallels the government's structure and identified resources and positions by structure (in addition to function).
  - b. The governing board has established a procedure to identify items with significant financial considerations that should be reviewed by the board.
  - c. Governing board members have directed staff regarding the information and materials they need to understand and consider issues with significant financial implications. This may include relevant background materials, trends, and performance measures.
  - d. The governing board has established a procedure to review significant financial resource issues identified in budget reviews, internal audits, external audits, management evaluations, and performance reviews.

- e. Governing board members receive training that includes oversight of government financial resources.
  - f. In considering issues with significant financial implications and proposed budgets, the governing board solicits feedback from the public, other governments and administrators.
  - g. The board clearly complies with the open meetings law and public records law, aggressively soliciting public participation.
  - h. The government can demonstrate that it has delineated the responsibilities of the governing board and chief executive officer in writing.
4. The government has clearly assigned authority to administrators for the effective and efficient supervision of operational programs and other assigned responsibilities, including consideration of site-based decision-making and other organizational alternatives.
- a. The government can demonstrate that it has clearly communicated, in writing, assigned authority to administrators, to include operations manuals, accounting manuals, et cetera.
  - b. The government can demonstrate, at a minimum, the authority administrators have for supervision of operational programs and site-based decision-making is clearly defined.
  - c. The government can demonstrate that it assesses the authority assigned to administrators, including consideration of organizational alternatives, to ascertain whether these administrators have the appropriate and necessary authority to achieve program goals.

**B. The government makes decisions and allocates resources in a manner that ensures the quality of programs and minimizes administrative and other costs.**

1. The government has a multiyear strategic plan with annual goals and measurable objectives based on identified needs, projected service levels, and revenues.
- a. The government has developed a written multiyear strategic plan (which includes priorities, goals, objectives, and strategies) to provide vision and direction for the government's effort. The plan links state and other local government goals, including performance goals that are outcome oriented.
  - b. The government has established goals for at least three years into the future with annual measurable objectives.
  - c. The annual goals and measurable objectives are based on identified needs, projected service levels, and revenues.
  - d. Strategies to achieve established goals and objectives are documented in the planning process.
2. The government has a system to accurately project service level demands on public programs.
- a. The government periodically conducts a governmentwide demographic study to identify current and potential future growth in the government.
  - b. The current demographic study was performed within the past five years by government staff or outside professionals.
  - c. The government demographic information is used to project service level demands and provided public programs.
3. The government regularly assesses its progress toward its strategic goals and objectives.
- a. The government regularly assesses its progress toward its strategic goals and objectives.
  - b. The results of the assessment are provided to government administrators and governing board members and used to revise objectives and strategies as needed to achieve government goals.
  - c. The results of the assessment is used in reviewing government structure and resource allocations.
4. The government has an ongoing system of financial planning and budgeting linked to achievement of government goals and objectives, including outcome oriented performance goals.
- a. The government can demonstrate that its system of financial planning and budgeting is linked to its goals and objectives, including program performance.
  - b. The government can demonstrate that it assesses performance on meeting its goals and objectives and that adjustments are made to the government's system of financial planning and budgeting when warranted to meet the government's goals.

5. The government's management information systems provide data needed by management and operational personnel in a reliable, timely, and cost-efficient manner.
  - a. The government's strategic plan reflects its short- and long-term management information system needs.
  - b. The government can demonstrate that it periodically evaluates its use of technology to improve the efficiency of its management information systems.
  - c. The government can demonstrate that its management information system provides data identified and requested by management and operational personnel (its performance measures) in a reliable, timely, and cost-efficient manner.
  - d. The government can demonstrate that its management information system contains performance measure data that is routinely collected and is compiled and reported in a way it can be used by government administrators to assess program performance and results.
  - e. The government can demonstrate that government and its administrators use data produced from its management information system to evaluate and improve program management and results.
  - f. The government can demonstrate that it has internal controls or procedures in place to test the reliability of the data that is collected and that these procedures are used to correct identified data errors or problems.
  - g. The government can demonstrate that the reliability of its data has been verified internally and externally.
6. The government periodically evaluates operations and implements actions to improve the quality of services and reduce administrative and other costs.
  - a. The government can demonstrate that it periodically evaluates its operation to improve the quality of public services and reduce administrative and other costs.
  - b. The government can demonstrate that its evaluation includes a review of the extent and effects of assigning operations staff to duties directly related to delivering services.
  - c. The government can demonstrate that it uses multiple sources of data and data generated over time to evaluate its operations.
  - d. The government can demonstrate that it generally uses evaluation results to improve the quality of programs and reduce costs, when appropriate.
  - e. The government has implemented a formal procedure to encourage government staff to recommend actions that result in cost savings. The government maintains records of cost saving initiatives implemented as a result of this program and also maintains a record of recommendations not implemented with rationales for the decision.
7. The government considers local options to increase revenue.
  - a. The government has written procedures for obtaining information about new or better funding opportunities from state and federal sources.
  - b. The government can demonstrate the actions it has taken to consider various local options to increase revenues.
  - c. The government can demonstrate actions it has taken to obtain state and federal grants and other alternative funding.
8. The government uses cost-efficient legal services to review policy and reduce the risk of lawsuits.
  - a. The governing board has an attorney (either the district attorney, employee, or on contract) with the primary responsibility of advising the governing board, reviewing policy, and reducing the risk of lawsuits.
  - b. If the government has in-house counsel, it uses an organized evaluation process to determine under what circumstances outside counsel should be used and this process includes consideration of cost effectiveness.
  - c. The government can demonstrate that it has established a system to review legal costs to determine whether it is more cost-efficient and practical to have a staff attorney or to contract out for legal services on an as-needed basis.
  - d. The government can demonstrate that the governing board's agenda and meeting materials are provided to its legal counsel in a timely manner.

9. The government periodically evaluates the prices it pays for goods and services and, when appropriate, uses state-negotiated contracts, competitive bidding, outsourcing, or other alternatives to reduce costs.
- a. The government can demonstrate that it periodically evaluates the cost-efficiency of goods and services to (1) explore the feasibility of using outside contracts or privatization and/or (2) identify effective alternatives.
  - b. The government can demonstrate that it evaluates the contracted and/or privatized services to verify effectiveness and cost savings.
  - c. The government can demonstrate that it periodically evaluates the cost savings associated with contracting with or joining associations of other government agencies to perform functions of the government.
  - d. The government can demonstrate that the prices it pays for major expenditures are reasonable.



## Chapter 3: Performance Accountability Systems

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government is accountable to parents and other taxpayers for its performance and efficiency and effectiveness in providing services.**

1. The government has clearly stated goals and measurable objectives for its major operational programs.
  - a. The government can demonstrate that it has clearly stated goals and measurable objectives for these programs.
  - b. Program goals reflect the intent (purpose) of the program.
  - c. Program objectives are consistent with the program's goals.
  - d. Program objectives address the major aspects of the program's purpose and expenditures.
  - e. The government can demonstrate that it measures progress toward meeting these program goals and objectives.
2. The government uses appropriate performance and cost-efficiency measures to evaluate its major operational programs and uses these in management decision-making.
  - a. The government has established appropriate performance and cost-efficiency measures that are not cumbersome to use, expensive to implement, or difficult for the public to understand but are related to the activities of the program.
  - b. The performance measures for each program include linked input, output, and outcome measures.
  - c. Measures link program performance to program costs.
  - d. The government uses these measures to evaluate its major programs.
  - e. The government tracks performance measures to determine when program activities should be reviewed to reduce costs.
  - f. Government management can demonstrate that it uses these performance and cost-efficiency measures as a part of its decision-making process.
  - g. The reported performance measures are validated and verified by audit tests by independent parties.
3. The government has set performance and cost-efficiency benchmarks for its major operational programs that may include appropriate standards from comparable governments and private industry.
  - a. The government has established performance and cost-efficiency benchmarks for its major programs.
  - b. Benchmarks are based on each program's performance and cost-efficiency measures.
  - c. When appropriate, the government can demonstrate that it uses comparable governments and private industry to develop performance and cost-efficiency benchmarks.
4. The government regularly evaluates the performance and cost of its major operational programs and analyzes potential cost savings of alternatives, such as outside contracting and privatization.

- a. The government can demonstrate that it evaluates the performance of its major operational programs based on appropriate measures and benchmarks.
  - b. The government can demonstrate that it conducts a cost benefit analysis of its major operational programs.
  - c. The government can demonstrate that it evaluates the potential of alternative service delivery methods to save costs. The alternative service delivery method may include contracting out specific tasks or privatizing entire service delivery areas.
- 5. Government management regularly reviews and uses evaluation results to improve the performance and cost efficiency of its major operational programs.
  - a. The government can demonstrate that a process is in place to provide the general public, governing board members and administrators with information on the performance of its major operational programs.
  - b. The government can demonstrate specifically how it uses evaluation results to improve program performance and cost-efficiency.
- 6. The government reports on the performance and cost efficiency of its major operational programs to ensure accountability to program users and taxpayers.
  - a. The government can demonstrate that it publicly reports on the performance and cost-efficiency of its major operational programs.
  - b. The government can demonstrate that it reports this information to program customers, the media, grantors, and taxpayers.
  - c. The government has established a mechanism to receive feedback from customers and taxpayers as an avenue of accountability.
- 7. The government ensures that government improvement plans effectively translate identified needs into activities with measurable objectives.
  - a. The government has a process in place to ensure that program improvement plans are based on needs and contain measurable objectives and implementation strategies.
  - b. Government programs have developed improvement plans based on their identified needs.
  - c. Government program improvement plans generally contain measurable objectives.
  - d. Government program improvement plans contain clear implementation strategies.
- 8. The government has established and implemented strategies to continually assess the reliability of its data.
  - a. The government identifies and corrects data errors or problems using internal controls and procedures to test the reliability of the data that is collected, including:
    - 1) Edit checks to determine if the data entered matches the accepted or expected values of the data element;
    - 2) Edit checks to determine if an inappropriate relationship exists between data elements;
    - 3) Edit checks to identify data that may or may not be inaccurate but need further checking; and
    - 4) Verification procedures that compare original information to that entered into the system (data accuracy).
  - b. The government has implemented recommendations made by their internal and external auditor in regard to data accuracy and reporting.
  - c. The government can demonstrate that the data it submits to grantor agencies is accurate.
  - d. The government can demonstrate that it uses appropriate reports to verify its data.
  - e. The government can demonstrate that it uses computer software that checks the appropriateness of the data entered.
  - f. The government uses a data verification process that includes the review of data before it is submitted to state pass-through entities and federal grantors.
  - g. The government can demonstrate that it uses the data submitted to the grantor agencies to manage its grant-related programs.

## Chapter 4: Personnel Systems and Benefits

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government recruits, hires, trains, and retains qualified staff to maximize productivity and minimize personnel costs.**

1. The government recruits and hires qualified personnel.
  - a. The government has procedures in place to ensure that it recruits and hires qualified personnel.
  - b. The government can demonstrate that position descriptions are up-to-date and accurately identify the knowledge, skills, and competency levels required for each position.
  - c. The government can demonstrate that it uses an employment application that provides detailed information (e.g. position to be filled, qualifications, and compensation) and meets legal requirements.
  - d. The government can demonstrate that employment procedures are conducted in a manner that assures equal opportunities regardless of age, race, color, religion, sex, and national origin.
  - e. The government can demonstrate that it hires fully qualified staff.
  - f. The government can demonstrate that it conducts background checks of personnel as appropriate, to ensure the safety of customers.
  - g. Authorized/budgeted positions are identified in the comprehensive budget.
2. The government bases employee compensation on the market value of services provided.
  - a. The government can demonstrate that it documents in writing employee wages, salaries, and fringe benefits based on job descriptions.
  - b. The government can demonstrate that it bases compensation on the market value of similar positions in comparable governments and, where appropriate, to the private sector. Compensation takes into consideration criteria such as position, years of experience, education level, government cost of living, skills and knowledge, authority, etc.
  - c. Adjustments to salary schedules and overall annual salary budgets are determined by government cost of living indices, the relationship of actual versus market averages, and available funding. Such adjustments are approved by the governing body.
3. The government uses a comprehensive staff development program to increase productivity.
  - a. Orientation programs for new employees include information on applicable procedures, physical facilities, performance expectations, training and career opportunities, and federal and state program requirements.
  - b. The government can demonstrate that it plans training programs based on needs identified through personnel evaluations and input from employees and their supervisors.
  - c. The government can demonstrate that it uses a comprehensive staff development program to train its government employees and that it maintains in-service records for each staff member.
  - d. The government can demonstrate that it has established clear objectives for government-provided training programs and these objectives relate to improved productivity.

- e. The government can demonstrate that it provides opportunities for employees to attend professional workshops and training activities. The government can demonstrate that related expenditures are justified in writing to demonstrate benefits to the government and its programs.
  - f. The government has procedures to evaluate on-the-job training.
  - g. The government has information systems to monitor employee training and the quality of training programs.
4. The government communicates personnel expectations to each employee and elicits feedback for improvement.
- a. The government can demonstrate that it provides written personnel expectations to all staff.
  - b. The government can demonstrate that it provides personnel an employee handbook which includes employee rights and responsibilities, fringe benefits, general working requirements (work days, leave requirements, holidays, etc.), personnel evaluations, grievance procedures, and compensation policies.
5. The government formally evaluates employees to improve performance and productivity.
- a. The government has established written procedures for evaluating the performance of staff.
  - b. The government can demonstrate that it provides training to persons conducting personnel evaluations to ensure they evaluate personnel properly.
  - c. The government can demonstrate that performance evaluations relate to the responsibilities identified in job descriptions, and use a standard set of performance measures and standards that relate to the position. Performance evaluations are related to program measures.
  - d. The government can demonstrate that immediate supervisors complete performance evaluations at least once a year.
  - e. The government can demonstrate that suggestions for improvement are provided in writing to employees as part of the evaluation process.
  - f. An employee disciplinary procedure is defined in writing, and provides for due process. Disciplinary actions are documented.
  - g. The government can demonstrate that it terminates poorly performing employees.
6. The government periodically evaluates its personnel practices and adjusts these practices as needed.
- a. The government can demonstrate that it evaluates the efficiency and effectiveness of its personnel practices.
  - b. The government can demonstrate that it makes improvements as a result of this evaluation, as needed.
  - c. The government can demonstrate that the ethnicity of its staff compares to that of the community.
  - d. The government can demonstrate that each member of its staff is properly qualified, to include education, experience, and appropriate certifications and licensure.
  - e. The government can demonstrate that it is similar to comparable governments and private industry in terms of absenteeism and turnover rates.
7. The government properly and efficiently maintains personnel records.
- a. The government can demonstrate that it maintains personnel records in accordance with statutes and regulations.
  - b. The government has an automated record-keeping system and microfilms, images, and archives records to ensure efficient use of space and staff time.
  - c. The government can demonstrate that it updates personnel records in a timely manner.
8. The government uses cost-containment practices for its Worker Compensation Program.
- a. The government can demonstrate that it reviews its Worker's Compensation Program to evaluate worker's compensation claims and expenses.
  - b. The government can demonstrate that it uses the results of these evaluations to reduce worker's compensation claims and expenses, as practical.
  - c. The government can demonstrate that it is similar to comparable governments and private industry standards in terms of worker's compensation expenses.

9. The government regularly evaluates employee salaries and benefits, using appropriate benchmarks that include standards derived from comparable governments and private industry.
- a. The government can demonstrate that it regularly evaluates employee salaries and benefits, using appropriate benchmarks that include standards derived from comparable governments and private industry.
  - b. The government conducts reviews of similar positions for internal equity, when appropriate.
  - c. The government can demonstrate that wages are consistent with the market value of similar positions in comparable governments and private industry. These comparisons take into consideration position, years of experience, education level, government cost of living, skills and knowledge, authority, etc.
  - d. The government can demonstrate that employee benefits are appropriate and consistent with comparable governments and private industry.

## Chapter 5: Internal And External Audits

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government has an adequate internal auditing function.**

1. The government has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that improve their performance. (IIA, GFOA)

- a. The government has established an internal audit function with its primary mission to (1) provide assurance that the internal control processes in the organization are adequately designed and functioning effectively, and (2) where appropriate, offer recommendations and counsel to management that improve their performance. (IIA, GFOA)
- b. The organizational structure of the government provides that employees performing the internal audit function report directly to the government governing board or its designee to ensure broad audit coverage and adequate consideration of, and action on, the findings and recommendations of the internal auditors.
- c. Employees performing the internal audit function have adequate education and technical training necessary to ensure due professional care is exercised in the performance of their audits. (AICPA, GFOA)
- d. Internal auditors are not limited in their access to records or on the scope of their activities. (AICPA)
- e. Long-range audit plans have been developed in consultation with the board and senior management that are based on a risk assessment of the organization. (AICPA)
- f. Audit programs are used by the internal auditors for each activity reviewed to document the nature, timing, and extent of their audit work. (AICPA)
- g. Internal auditors are functionally independent of the activities they are auditing. (AICPA)
- h. The internal audit function has sufficient resources to provide needed audit coverage on a periodic basis.
- i. Reports are issued by the internal auditors that document the scope of their work, findings, and management's response. (IIA)
- j. The internal audit plan includes monitoring of measures of performance.

### **B. The government ensures that it receives an annual external audit and uses the audit to improve its operations.**

1. The government obtains an external audit in accordance with *Government Audit Standards*, the *Louisiana Government Audit Guide* and Louisiana Revised Statutes 24:513.

- a. The government uses an request for proposal process to select its external auditor and enters a multiyear audit contract.
- b. The selection of the auditor is approved by the governing board.
- c. The engagement agreement is filed with the legislative auditor for approval.
- d. The external audit is completed within six-months of fiscal close.

- e. Copies of the completed audit are made a public document at the main office of the government.
  - f. The governing board receives and reviews the audit in accordance in open meeting.
  - g. Audit reports have been filed with appropriate oversight bodies in accordance with applicable state and federal filing requirements.
  - h. Audit reports indicate that the audits were completed in accordance with *Government Audit Standards* and, when applicable, OMB Circular A-133.
- 2. The government provides for timely follow-up to findings identified in the external audit.
    - a. The government includes within the current year audit a corrective action plan which clearly details the intended action of the government to resolve current year findings.
    - b. The government includes within the current year audit a listing of prior year findings which details the extent to which prior year audit matters have been resolved.
  - 3. The government has a clear, detail, adopted fraud policy.
    - a. The policy details actions to take when someone suspects illegal acts.
    - b. The policy requires notice to the district attorney and legislative auditor.
- C. An audit committee has been established to oversee the internal and external audit function.**
- a. The audit committee includes members from the general public with backgrounds in finance or business administration.
  - b. The audit committee oversees the annual plans of the internal audit function.
  - c. The audit committee is involved in the selection of the external auditor.
  - d. The audit committee is charged with the responsibility of overseeing the resolution of the findings contained in all audit reports.

## Chapter 6: Asset Management

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. Government management has established controls to provide for effective management of capital assets.** (See Louisiana Revised Statute 24:515)

1. Segregation of Duties: The government segregates responsibilities for custody of assets from recordkeeping responsibilities for those assets.
  - a. Responsibilities for initiating, evaluating, and approving capital expenditures, leases, and maintenance or repair projects are segregated from those for project accounting, property records, and general ledger functions. (AICPA)
  - b. Responsibilities for initiating capital asset transactions are segregated from those for final approvals that commit government resources. (AICPA)
  - c. Responsibilities for the project accounting and property records functions are segregated from the general ledger functions. (AICPA)
  - d. Responsibilities for the project accounting and property records functions are segregated from the custodial function. (AICPA)
  - e. Responsibilities for the periodic physical inventories of capital assets are assigned to responsible officials who have no custodial or recordkeeping responsibilities. (AICPA)
2. Authorization Controls: The government has established controls that provide for proper authorization of asset acquisitions.
  - a. Those individuals authorized to initiate capital asset transactions are identified and there is clear definition of the limits of their authority. (AICPA)
  - b. Guidelines are established with respect to key considerations such as prices to be paid, acceptable vendors and terms, asset quality standards, and the provisions of grants or bonds that may finance the expenditures. (AICPA)
  - c. Separate capital project budgets are prepared. (AICPA, Section 235.18, F.S.)
  - d. Written board approval is required for all significant capital asset projects or acquisitions. (AICPA)
  - e. Procedures exist for authorizing, approving, and documenting sales or other dispositions of capital assets. (AICPA)
  - f. Procedures exist for approving decisions regarding financing alternatives and accounting principles, practices, and methods. (AICPA)
  - g. Procedures exist providing for obtaining grantor (federal/state) approval, if required, for the use of grant funds for capital asset acquisitions. (AICPA)
  - h. Grant-funded acquisitions are subjected to the same controls as internally funded acquisitions. (AICPA)
4. Use Controls: The government has established policies and practices as to the proper use of public assets.
  - a. The policy has been formally adopted by the governing board.



- b. The policy broadly formulated, applying to all types of public assets: telephones, vehicles, fax machines, cell phones, road equipment, tools, etc.
  - c. The policy provides a reporting process for violations.
  - d. The policy is broadly distributed and communicated to all employees.
4. Project Accounting: The government has established records that accumulate project costs and other relevant data to facilitate reporting construction and maintenance activities to the board, public, and grantors.
- a. A qualified employee or independent firm is engaged to inspect and monitor technically complex projects. (AICPA)
  - b. Project cost records are established and maintained for capital expenditure and repair projects. (AICPA)
  - c. Reporting procedures exist for in-progress and completed projects. (AICPA)
  - d. Procedures exist to identify completed projects so that timely transfers to the appropriate accounts can be made. (AICPA)
  - e. The accounting distribution is reviewed to ensure proper allocation of charges to fixed asset and expenditure projects. (AICPA)
  - f. Where construction work is performed by contractors, procedures exist to provide for and maintain control over construction projects and progress billings. (AICPA)
  - g. Contracts that include cost/plus or similar terms provide that the unit of government has the right to audit contractors' records. (AICPA)
  - h. The right to audit contractor records during project performance is exercised. (AICPA)
  - i. Audits of contractors cover compliance with EEO, Davis Bacon, and other regulations and contract terms, in addition to costs. (AICPA)
5. Asset Accountability: The government provides recorded accountability for capitalized assets.
- a. Detail property records are maintained for all significant self-constructed, donated, purchased, or leased assets. (AICPA)
  - b. A threshold for capitalization is established and approved by the Board. (Section 274.02, FPS.)
  - c. Accountability for each asset is established. (AICPA)
  - d. Procedures and policies exist to:
    - 1) Distinguish between capital projects' fund expenditures and operating budget expenditures. (AICPA)
    - 2) Identify operating budget expenditures to be capitalized in the fixed asset account group. (AICPA)
    - 3) Distinguish between capital and operating leases. (AICPA)
  - e. Procedures exist for periodic inventory of documents evidencing property rights (for example, deeds, leases and the like). (AICPA)
  - f. Annual inspections are performed of the government's capital facilities in connection with the planning and budgeting for facilities maintenance needs. (AICPA)
  - g. Physical safeguards over assets exist. (AICPA)
  - h. Procedures exist ensuring that purchased materials and services for capital expenditure and repair projects are subjected to the same level of controls as exist for all other procurements (i.e., receiving, approval, checking). (AICPA)
  - i. Detailed property records are periodically compared with existing assets. (AICPA)
  - j. Differences between asset records and physical counts are investigated and the records adjusted to reflect shortages. (AICPA)
  - k. Detailed property records are periodically reconciled with the general ledger control accounts. (AICPA)
  - l. Procedures exist ensuring that capital assets are adequately insured. (AICPA)
  - m. Lease transactions are subjected to control procedures similar to those required for other capital expenditures. (AICPA)
  - n. Equipment is properly identified by metal numbered tags or other means of positive identification. (AICPA) Vehicles and other motorized devices are clearly marked as public vehicles by door decals.

- o. The government has procedures to identify, collect, and dispose of surplus or obsolete equipment.
  - p. Procedures exist for monitoring the appropriate disposition of property acquired with grant funds. (AICPA)
  - q. Accounting records are adjusted promptly when items of plant and equipment are retired, sold, or transferred. (AICPA)
- 5. Maintenance: The government has a strategic policies and practices for the maintenance of equipment.
  - a. The government has an approved policy on warranty and maintenance practices for classes of equipment.
  - b. The policy identifies equipment subject to maintenance and controls maintenance, warranty, and repair costs.

## Chapter 7: Risk Management

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government has established procedures that identify various risks and provide for a comprehensive approach to reducing the impact of losses.**

1. General: The government has an adequate process to set objectives for risk management activities, identify and evaluate risks, and design a comprehensive program to protect the government at a reasonable cost.

- a. Procedures are in place to identify the various risks of loss to which the government is exposed.
- b. The government has adopted a risk management policy relative to risk financing and related insurance coverage to provide reasonable coverage for risks of loss.
- c. The government has a comprehensive disaster recovery plan to ensure continued operations.

2. Commercial Coverage: The government has comprehensive policies and procedures relating to purchasing and reviewing insurance coverage.

- a. The various group insurance coverages provided for government officers and employees are acquired pursuant to requests for competitive bids or proposals.
- b. Methods for analyzing and acquiring other commercial coverages are documented in the government's records.
- c. Insurance coverages are periodically updated for major asset acquisitions and/or disposals.
- d. Procedures exist to verify that insurance premiums are properly assessed and paid in accordance with bids, contracts, and/or consortium plan requirements.
- e. Procedures exist to ensure that insurance dividends or refunds are received and properly allocated and credited to the original funding sources.
- f. Official bonds are obtained.
- g. If the government participated in a risk management program that is administered by a trust or other entity, the government obtained a copy of the required audit of the program.

3. Self-Insurance Programs: The government regularly monitors and evaluates its self-insurance program to ensure the feasibility of its self-insured coverages.

- a. Procedures exist to periodically analyze the amount of risk retained and extent of reinsurance and/or excess loss coverage.
- b. Amounts actually due from excess coverage are recorded and reported on a current basis.
- c. Claims revolving funds are established in the name of the government.
- d. The liability for unpaid claims and liability for claims adjustment expenses (if applicable) are determined by an external loss reserve specialist/actuary. (GASB 10 as amended by GASB No. 30)
- e. Service agents are bonded by an amount sufficient to protect all money deposited into the claims revolving fund.
- f. Self-insurance programs are reviewed for actuarial soundness.
- g. Administrators and contractors used in the insurance program are reviewed as to industry reputation, financial position, licensing, et cetera. Procedures exist to periodically review the

selection and/or performance of the administrator and the reasonableness of the fees paid for administrative services.

h. Government procedures exist for verifying that claims and other expenses paid were appropriate charges to the program.

i. An external loss reserve specialist/actuary is involved in preparing projections of potential claims payable.

j. Periodic reports are made to the board summarizing the funding status of the self-insured plan and the existence of any unusual or large claims including the effects of such claims on the plan.

k. Procedures exist to properly access and record program premiums in the benefiting funds.

## Chapter 8: Financial Management

(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

### **A. The government has established controls to ensure its financial resources are properly managed.**

1. Management Control Methods: Government management communicates its commitment and support of strong internal controls.

- a. Management conducts business on a high ethical plane and has established written employee ethics policies. (AICPA)
- b. Management communicates a commitment of strong internal controls to employees through a manual or series of manuals that provide detail guidance to employees in the performance of their duties, to include guidance when practices are not followed and how the employee should report such deviations. (AICPA)
- c. Management periodically reviews the internal controls to ensure that they are being enforced. (AICPA)
- d. Established policies and procedures do not allow management's overriding or bypassing established controls. (AICPA)
- e. Procedures have been established for people to report suspected improprieties such as: (AICPA)
  - 1) Ability to contact someone other than a direct supervisor.
  - 2) Anonymity permitted.
- F Feedback is provided to people who report suspected improprieties and they have immunity from reprisals. (AICPA)

2. Financial Accounting System: The government records and reports financial transactions in accordance with prescribed accounting and reporting standards. (Louisiana Revised Statute 24:514)

- a. The government has a computerized accounting system that facilitates collecting, processing, maintaining, and reporting data about financial transactions.
- b. The accounting system provides for recording and reporting budgetary data for financial planning and budgeting activities.
- c. The accounting system provides for recording and reporting of financial transactions in accordance with Louisiana Revised Statute 24:514 and the preparation of financial statements consistent with generally accepted accounting principles and the principles used in developing and adopting the budget. The accounting system includes data collection systems to report measures of performance.
- d. Automated and/or manual processes and controls exist to provide for the integration of component systems to the central accounting system to provide for efficient, effective and accurate reporting of agency financial status.
- e. The accounting system facilitates the preparation of interim financial statements (e.g., monthly, for financial management and decision-making purposes). The interim financial statements include measures of performance.
- f. The accounting system facilitates accountability for restricted sources of funds through grant/project accounting.

- g. Controls are in place to ensure that recorded transactions are supported by hard copy or electronically maintained documentation.
- h. The accounting system and processing instructions are documented, current, readily available, and in sufficient detail to permit a person, knowledgeable of the government's programs and of systems generally, to obtain a comprehensive understanding of the entire operations of each system (AICPA)
- i. The government has written accounting policies and procedures that include such matters as: (AICPA)
  - 1) Identification and description of the principal accounting records, recurring standard entries, and requirements for supporting documentation. For example, this may include information about the general ledger, source journals, subsidiary ledgers, and detail records for each significant class of transactions.
  - 2) Expression of the assignment of responsibilities and delegation of authority including identification of the individuals or positions that have authority to approve various types of recurring and non-recurring entries.
  - 3) Explanations of documentation and approval requirements for various types of recurring and non-recurring transactions and journal entries. Documentation requirements, for example, would include the basis and supporting computations required for adjustments and write-offs.
  - 4) Instructions for determining an adequate cutoff and closing of accounts for each reporting period.
- j. Manuals are distributed to appropriate personnel. (AICPA)
- k. Access to the accounting system is limited to those authorized persons responsible for inputting, processing, and reporting financial information.
- l. The accounting system supports the legal, regulatory, and other special management requirements (e.g., special millage levies).
- m. Procedures are in place that provide for the on-going maintenance of the accounting system to support the government's changing business practices.
- n. The preparation and approval functions for journal entries is segregated. (AICPA)
- o. Journal entries are reviewed and approved by designated individuals at appropriate levels in the entity. (The levels at which journal entries are reviewed and approved usually will vary depending on whether the entries are recurring, or non-recurring, routine or unusual, accumulations of routine transactions, or adjustments of balances requiring estimates and judgments.)
- p. All journal entries are adequately explained and supported. (Explanation and support for an entry should be sufficient to enable the person responsible for its review and approval to reasonably perform this function.) (AICPA)
- q. All journal entries are subject to controls over completeness of processing. (Examples of controls over completeness of processing include pre-numbering of journal vouchers and accounting for all numbers used, accumulation of control totals of dollar amounts debited and credited, and standard identification numbers for recurring entries.) (AICPA)
- r. Procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy, or procedure to be used by the entity. (AICPA)
- s. The principal accounting officer of the entity has adequate authority over accounting employees and principal accounting records at all locations. (AICPA)
- t. The responsibilities for maintaining the general ledger are segregated from those for maintaining subsidiary ledgers. (AICPA)
- u. The responsibilities for maintaining the general ledger and custody of assets are segregated. (AICPA)

3. Financial Reporting Procedures: The government prepares and distributes its financial reports timely. (Louisiana Revised Statute 24:514)

- a. Monthly financial reports are prepared and provided to the board for fiscal management and decision making.
- b. Periodic financial reports are prepared to meet the reporting requirements of grants/projects funded with restricted sources.

- c. An annual financial report is prepared, approved by the board, and filed with the legislative auditor within 60 days of fiscal close. The annual financial report is available as a public record.
- 4. Budget Practices: The government has a financial plan serving as an estimate of and control over operations and expenditures. (Louisiana Revised Statute 3:(1301-14)
  - a. Responsibilities for budget preparation, adoption, execution, and reporting are segregated.
  - b. Budgets are prepared by authorized employees in consultation with appropriate managers.
  - c. Budgets are formulated and adopted pursuant to state law.
    - 1) A comprehensive budget document is developed and made available as a public document at least 15 days prior to the start of the budget year.
    - 2) A public hearing is held prior to the adoption of the budget.
    - 3) A public notice of the availability of the proposed budget and notice of the public hearing is publicized in the official journal 10 days before the public hearing
    - 4) The comprehensive budget includes the General Fund and all special revenue funds (it is suggested that all funds be budgeted).
    - 5) The comprehensive budget includes an estimate of all revenues by source, all expenditures by function, category, and object, an estimate of the beginning fund balance and an estimate of the ending fund balance.
    - 6) The budget is adopted prior to the start of the budget year.
    - 7) The budget clearly defines the budgetary authority of administrators and those powers reserved to the governing board.
    - 8) Special millage levies are supported by detailed budgets identifying the specific intended uses and the estimated needed revenues.
    - 9) A budget calendar is used for the orderly submission and approval of the budget.
    - 10) Budgets are prepared commensurate with functional responsibilities to facilitate effective budget monitoring at the program/activity level.
    - 11) Budgets are prepared in sufficient detail to provide effective monitoring of restricted funds.
    - 12) The budget clearly establishes levels of operational and financial accountability. (AICPA)
  - d. Budget data is entered into the accounting system from the approved budget.
  - e. Procedures are in place to provide for effective monitoring of the budget to preclude expenditures in excess of available budget and to provide for timely amendments for board approval.
  - f. Budgets and related plans are effectively communicated to appropriate personnel throughout the government.
    - 1) Actual expenditures are compared to budget with reasonable (monthly) frequency and on a timely basis. (AICPA)
    - 2) Budget reports are discussed with departmental personnel and there are explanations for significant variations from budget. (AICPA)
    - 3) Procedures have been adopted and communicated establishing authority and responsibility for transfers between budget categories. (AICPA)
    - 4) Requests for supplemental appropriations or budget changes are processed and approved in the same manner as the original budget is processed and approved. (AICPA)
  - g. The flow of expenditures or commitments are controlled through the use of an encumbrance system. (AICPA)
    - 1) The availability of funds is reviewed by appropriate personnel before the issuance of a purchase order or expenditure commitment. (AICPA)
- 5. The government has adequate controls to provide recorded accountability for cash resources.
  - a. Procedures are in place that provide for appropriate checks and balances in the receipting and recording of collections.
    - 1) Responsibilities for collections and deposit preparation functions are segregated from those for recording cash receipts and general ledger entries. (AICPA)
    - 2) Responsibilities for cash receipts functions are segregated from those for cash disbursements. (AICPA)
    - 3) Receipts are deposited on a timely basis (daily). (AICPA)

- 4) Controls exist over the collection, timely deposit, and recording of collections in the accounting records for each collection location. (AICPA)
- 5) Daily reported receipts are compared on a test basis to bank statements to verify timeliness of deposits. (AICPA)
- 6) A restrictive endorsement is placed on each incoming check upon receipt.
- 7) "Non-sufficient funds" checks are delivered to someone independent of processing and recording of cash receipts. (AICPA)
- 8) Procedures exist for follow-up of "non-sufficient funds" checks. (AICPA)
- 9) Receipts are controlled by cash register, pre-numbered receipts, or other equivalent means if payments are made in person. (AICPA)
- 10) Receipts are accounted for and balanced to collections on a timely basis. (AICPA)
- 11) Facilities exist for protecting undeposited cash receipts. (AICPA)
- 12) The general accounting department is notified of cash receipts from separate collection centers on a timely basis. (AICPA)
- b. Bank accounts are established in approved public depositories.
- c. Depositories are periodically reviewed and formally reauthorized. (AICPA)
- d. Responsibilities for disbursement preparation and disbursement approval functions are segregated from those for recording or entering cash disbursements information on the general ledger. (AICPA)
- e. Controls and physical safeguards exist surrounding working (petty cash) funds. (AICPA)
- f. Adequate fidelity insurance is maintained for employees responsible for cash collections. (AICPA)
- g. Separate bank accounts are maintained for each fund, or if not, there is adequate fund control over pooled cash. (AICPA)
- h. Procedures exist to ensure that collections and disbursements are recorded accurately and promptly. (AICPA) Procedures exist for authorizing and recording interbank and interfund transfers and for providing for proper accounting for those transactions. (AICPA)
- j. General ledger control exist over all bank accounts. (AICPA)
- k. Procedures exist for steps essential to an effective bank reconciliation process, particularly: (AICPA)
  - 1) Responsibilities for preparing and approving bank account reconciliations are segregated from those for other cash receipt or disbursement functions. (AICPA)
  - 2) Bank statements and paid warrants or checks delivered in unopened envelopes directly to the employee preparing the reconciliation. (AICPA)
  - 3) Bank statements are reconciled in a timely manner (e.g., within 30 days of statements date).
  - 4) Comparison of warrants or checks in appropriate detail with disbursement records.
  - 5) Examination of signature and endorsements, at least on a test basis.
  - 6) Accounting for numerical sequence of warrants or checks used.
  - 7) Comparison of book balances used in reconciliations with general ledger accounts.
  - 8) Comparison of deposit amounts and dates with cash receipt entries.
  - 9) Unusual reconciling items are reviewed and approved by an official who is not responsible for receipts and disbursements, including recording evidence of the review and approval by signing the reconciliation. (AICPA)
  - 10) Checks outstanding for a considerable time are periodically reviewed for propriety. (AICPA)
- l. Procedures are in place for estimating cash needs in programs for which cash draws must be requested (e.g., PECO, Federal programs, etc.).
- m. Procedures provide for cash flow analysis to determine the extent of idle funds available for investment.
- n. Interfund transactions are properly authorized, repaid, and reconciled in a timely manner.
- o. Collected bank balances are properly collateralized.

6. Investment Practices: The government has an investment plan that includes investment objectives and performance criteria, and specifies the type of financial products approved for investment. (Louisiana Revised Statute 33:2955)



- a. Responsibilities for initiating, evaluating, and approving investment transactions are segregated from those for detail accounting, general ledger, and other related functions. (AICPA)
- b. Investment securities purchased by the government are consistent with the board's investment policies and of a nature and maturity prudent for the investment of local government operating funds and consistent with the estimated cash needs of the government.
- c. Proper collateralization practices are followed to protect the funds invested in repurchase agreements. Repurchase agreements are subject to a master repurchase agreement.
- d. Procedures are in place that provide for periodic (e.g., monthly) reporting to the board on the status of the government's investment program by persons independent of the persons authorized to make investment decisions.
- e. Procedures are in place that provide for written notification of the government's investment policies to the broker/dealers through whom the government purchases investment securities.
- f. Responsibilities for initiating investment transactions are segregated from those for final approvals that commit government resources. (AICPA)
- g. Responsibilities for monitoring investment market values and performance are segregated from those for investment acquisition. (AICPA)
- h. Responsibilities for maintaining detail accounting records are segregated from those for general ledger entries. (AICPA)
- i. Custodial responsibilities for securities or other documents evidencing ownership or other rights are assigned to an official who has no accounting duties. (AICPA)
- j. Investment policy guidelines are formally established and periodically reviewed. (AICPA)
- k. The investment program is integrated with the cash management program and expenditure requirements. (AICPA)
- l. The performance of the investment portfolio is periodically evaluated by persons independent of investment portfolio management activities. (AICPA)
- m. Procedures have been formally established governing the level and nature of approvals required to purchase or sell an investment. (AICPA)
- n. Adequate physical safeguards and custodial procedures exist over: (AICPA)
  - Negotiable and nonnegotiable securities owned.
  - Legal documents or agreements evidencing ownership and other rights.
- o. Dual signatures or authorizations are required to obtain release of securities from safekeeping or to obtain access to the government unit's safe deposit box. (AICPA)
- p. Persons with access to securities are authorized by the legislative body. (AICPA)
- q. All securities are registered in the name of the government unit. (AICPA)
- r. Securities are periodically inspected or confirmed from safekeeping agents. (AICPA)
- s. Individuals with access to securities are bonded. (AICPA)
- t. Detail accounting records are maintained for all investment activities. (AICPA)
- u. Procedures exist to ensure that transactions arising from investments are properly processed, including income, amortization, and market fluctuation entries. (AICPA)
- v. Controls exist to ensure that investment earnings are credited to the fund from which resources were provided for the investment. (AICPA)
- w. Periodic comparisons are made between income received and the amount specified by the terms of the security or publicly available investment information. (AICPA)
- x. Controls exist to ensure that transactions are recorded on a timely basis. (AICPA)
- y. Procedures exist for reconciling the detail accounting records with the general ledger control. (AICPA)
- z. The nature of investments included in general ledger balances are periodically reviewed. (AICPA)

7. Receivables: The government has established controls for recording, collecting, adjusting, and reporting receivables.

- a. The responsibilities for maintaining detail accounts receivable records are segregated from collections and general ledger posting. (AICPA)
- b. Property taxes and fees collected by another unit of government are monitored to assure timely receipt and amounts received are subjected to reviews for reasonableness. (AICPA)
- c. Delinquent accounts are reviewed and considered for charge-off on a timely basis. (AICPA)

- d. Write-offs or other reductions of receivables are formally approved by senior officials not involved in the collection function. (AICPA)
  - e. Procedures exist providing for execution of all legal remedies, to include the required tax sale for ad valorem taxes, to collect delinquent receivables.
  - f. Controls in the system exist that provide assurances that individual receivable records are posted only from authorized source documents. (AICPA)
  - g. General ledger account balances are reconciled with subsidiary accounts and reconciling items are investigated by someone other than accounts receivable clerks. (AICPA)
  - h. Aged accounts receivable balances are periodically reviewed by supervisory personnel. (AICPA)
  - i. Procedures exist providing for timely and direct notification of the accounting department of billings and collection activities. (AICPA)
8. Salary and Benefits Costs: The government has established controls that provide accountability for employees' compensation and benefits pursuant to an approved compensation plan.
- a. The government has procedures in place to provide that the compensation of employees is included under an approved salary schedule.
  - b. The government ensures divisions regularly evaluate, track and monitor individual employee performance.
  - c. Procedures are in place to provide for prompt payment of retirement plan contributions.
  - d. Each retirement plan is funded on a current basis or through required annual contributions determined by an actuarial valuation performed within the last two years.
9. Debt Financing: The government has procedures for analyzing, evaluating, monitoring, and reporting debt financing alternatives.
- a. Procedures are in place to evaluate the various alternative financing methods (i.e., general obligation bonds, certificates of participation, revenue bonds, etc.).
  - b. Procedures are in place for selecting an independent financial advisor to assist the government in soliciting and evaluating financing proposals.
  - c. Procedures are in place for choosing the method of sale (i.e., competitive bid or negotiated sale) to achieve the best results.
  - d. Procedures are in place for reviewing and evaluating the costs of issuance of debt including legal fees, printing, travel, credit enhancement, and the underwriter's spread.
  - e. Procedures are in place for analyzing debt capacity prior to issuing debt. Note: General obligations debt is connected with a committed source of revenue for repayment whereas other types of debt (e.g., certificates of participation, energy savings contracts, etc.) may require the use of general operating funds.
  - f. Procedures are in place for analyzing the cost and benefits of advance refunding transactions and monitoring the purchase of escrow securities.
  - g. Procedures are in place to provide for compliance with federal arbitrage rebate and restrictions.
  - h. Procedures are in place to provide for monitoring for compliance with bond covenants, such as maintenance of required reserve accounts.
  - i. All debt activity is approved by the State Bond Commission, to include budgetary borrowing and lease-purchase activity.
10. Grant and Entitlement Monitoring: The government adequately monitors and reports grant activities.
- a. Reporting and compliance requirements are defined (e.g., in regulations) and communicated to the government. (AICPA)
  - b. Procedures exist to monitor government compliance with grant terms. (AICPA)
  - c. Subrecipients are monitored sufficiently and on a timely basis to permit curtailment of any abuse before complete funds are disbursed. (AICPA)
  - d. Funds are disbursed to subgrantees only on the basis of approved applications. (AICPA)
  - e. Failure by the government to meet financial reporting requirements are investigated on a timely basis.
  - f. Responsibility for monitoring grant activities is properly fixed. (AICPA)
  - g. Grant activity is monitored from a centralized location. (AICPA)
  - h. Procedures exist to monitor compliance with: (AICPA)

- Financial reporting requirements.
  - Use of funds and other conditions in accordance with grant terms.
  - Timely billing of amounts due under grants. Grant activity is accounted for so that it can be separated from the accounting for locally funded activities. (AICPA)
  - Goals, objectives and measures of performance placed in the grant award.
- j. There is a system for obtaining grantor approval before incurring expenditures in excess of budgeted amounts or for unbudgeted expenditures. (AICPA)
- k. Grant revenues and disbursements are processed under the same degree of controls applicable to the organization's other transactions (budget, procurement, etc.) (AICPA)
- l. Requirements are included in subgrantee agreements that the subgrantee comply with the primary grant agreement conditions as well as the grantee's standards. (AICPA)
- m. Reasonable procedures and controls exist to provide assurances of compliance with recipient eligibility requirements established by grants. (AICPA)
- n. An indirect cost allocation plan has been established and approved by the grantor agency. (AICPA)
- o. The amounts of entitlement funds received are compared with the amount anticipated by a responsible official and unusual variances investigated. (AICPA)
- p. Procedures exist to ensure that funds received are spent in accordance with legal requirements and spending restrictions. (AICPA)
- q. Statistical or data reports that form the basis for grant revenue distribution are reviewed by a responsible official before allocation. (AICPA)

## Chapter 9: Purchasing

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government has established a defined purchasing function with controls over requisitioning, authorizing, and receiving functions.**

1. Segregation of Duties: The government segregates purchasing responsibilities from the requisitioning, authorizing, and receiving functions.
  - a. Responsibilities for the requisitioning, purchasing, and receiving functions are segregated from the invoice processing, accounts payable, and general ledger functions. (AICPA)
  - b. Responsibilities for the purchasing function are segregated from the requisitioning and receiving functions. (AICPA)
  - c. Responsibilities for the invoice processing and accounts payable functions are segregated from the general ledger functions. (AICPA)
  - d. Responsibilities for the disbursement preparation and disbursement approval functions are segregated from those for recording cash disbursements and general ledger entries. (AICPA)
  - e. Responsibilities for the disbursement approval function are segregated from those for the disbursement preparation function. (AICPA)
  - f. Responsibilities for entries in the cash disbursement records are segregated from those for general ledger entries. (AICPA)
2. Requisitioning: The government has controls for authorizing purchase requisitions.
  - a. Purchases of goods and services are initiated by properly authorized requisitions bearing the approval of officials designated to authorize requisitions. (AICPA)
  - b. Requisitions are pre-numbered and those numbers are controlled. (AICPA)
  - c. The appropriation to be charged is indicated on the purchase requisition by the person requesting the purchase. (AICPA)
  - d. Before commitment, unobligated funds remaining under the appropriation are verified by the accounting or budget department as sufficient to meet the proposed expenditure. (AICPA)
  - e. Requests for special purpose (non-shelf items) materials or personal services are accompanied by technical specifications. (AICPA)
3. Purchasing: The government has established authorization controls to ensure that goods and services are acquired at prices that are fair, competitive, and reasonably consistent with acceptable quality and performance.
  - a. Purchasing authorizations are structured to give appropriate recognition to the nature and size of purchases and the experience of purchasing personnel. (AICPA)
  - b. Procedures are in place to coordinate and consolidate planned purchases.
  - c. Approval procedures exist for purchase order and contract issuance. (AICPA)
  - d. Purchase prices are periodically reviewed by a responsible employee independent of the purchasing department. (AICPA)

- e. Procedures are in place to consider competitive bids by other agencies (i.e., state contracts, purchasing consortiums, and other governments) in making purchasing decisions.
- f. Procedures are in place to provide for requesting, receiving, and evaluating competitive bids. See Louisiana Revised Statute 38:2212:
  - All materials and supplies exceeding \$7,500 are subject to verbal and fax quotes.
  - All materials and supplies exceeding \$15,000 are subject to formal competitive bids.
  - All public works exceeding \$100,000 are subject to formal competitive bids.
- g. When practicable, contract or purchasing officer's areas of responsibility are rotated on a regular basis. (AICPA)
- h. Provisions in contracts for materials, services, or facilities acquired on other than a fixed price basis provide for an audit of contractors' costs, with payments subject to audit results. (AICPA) Procedures exist for public advertisement of non-shelf item procurements in accordance with legal requirements. (AICPA)
- j. Recurring purchases and documentation of the justification for informal rather than competitive bids are periodically reviewed. (AICPA)
- k. Policies regarding conflicts of interest and business practice policies are established, documented, and distributed. (AICPA)
- l. Purchase orders and contracts are issued under numerical or some other suitable control. (AICPA)
- m. An adequate number of price quotations are obtained before placing orders not subject to competitive bidding. (AICPA)
- n. Splitting orders is prohibited to avoid higher levels of approval. (AICPA)
- o. Price lists and other appropriate records of price quotations are maintained by the purchasing department. (AICPA)
- p. A record of suppliers who have not met quality or other performance standards by the purchasing department is maintained. (AICPA)
- q. Procedures are modified when funds disbursed under grant or loan agreements and related regulations impose requirements that differ from the organization's normal policies. (AICPA)
- r. Procedures are instituted to identify, before order entry, costs and expenditures not allowable under grant (federal-state) programs. (AICPA)
- s. An adequate record of open purchase orders and agreements is maintained. (AICPA)
- t. Purchases made for the accommodation of employees are prohibited. (AICPA)
- u. Predetermining selection criteria exist for awarding personal service or construction contracts and adequate documentation of the award process is required. (AICPA)
- v. Changes to contracts or purchase orders are subjected to the same controls and approvals as the original agreement. (AICPA)

4. Receiving: The government has established controls to ensure that goods are received and meet quality standards.

- a. Receiving reports are prepared for all purchased goods. (AICPA)
- b. Procedures exist for the filing of claims against carriers or vendors for shortages or damaged materials. (AICPA)
- c. Steps are taken to ensure that goods received are accurately counted and examined to see that they meet quality standards. (AICPA)
- d. A permanent record of material received by the receiving department is maintained. (AICPA)
- e. Receiving reports are numerically accounted for or otherwise controlled to ensure that all receipts are reported to the accounting department. (AICPA)
- f. Copies of receiving reports are sent directly to purchasing, accounting, and, if appropriate, inventory recordkeeping. (AICPA)
- g. A government technical representative is assigned to monitor and evaluate contractor performance and approve receipt of services with respect to procurements of special purpose materials, services, or facilities. (AICPA)
- h. In those instances in which a receiving department is not used, adequate procedures exist to ensure that goods for which payment is made have been received and are verified by someone other than the individual approving payment that goods have been received and meet quality standards. (AICPA)

5. Invoice Processing: The government has established controls for processing invoices to ensure that quantities, prices, and terms coincide with purchase orders and receiving reports.

a. Invoice processing procedures provide for:

- Acquisition directly from issuing departments of copies of purchase orders and receiving reports. (AICPA)
- Comparison of invoice quantities, prices, and terms with those indicated on the purchase order. (AICPA)
- Comparison of invoice quantities with those indicated on the receiving report. (AICPA)
- As appropriate, checking accuracy of calculations. (AICPA)

b. All invoices are received from vendors in a central location, such as the accounting department. (AICPA)

c. Procedures exist ensuring that the accounts payable system is properly accounting for unmatched receiving reports and invoices. (AICPA)

d. Requests for progress payments under long-term contracts are related to contractors' efforts and are formally approved. (AICPA)

e. Procedures exist for processing invoices not involving materials or supplies (e.g., lease or rental payments, utility bills). (AICPA)

f. Procedures exist ensuring accurate account distribution of all entries resulting from invoice processing. (AICPA)

g. Access to the EDP master vendor file is limited to employees authorized to make changes. (AICPA)

h. The accounting department maintains a current list of those authorized to approve expenditures. (AICPA)

i. Procedures exist for submission and approval of reimbursement to employees for travel and other expenses. (AICPA)

j. Control is established by the accounting department over invoices received before releasing them for departmental approval and other processing. (AICPA)

k. The distribution of charges in the accounting department is reviewed by a person competent to pass on the propriety of the distribution. (AICPA)

l. Invoices (vouchers) are reviewed and approved for completeness of supporting documents and required clerical checking by a senior employee. (AICPA)

m. When an invoice is received from a supplier not previously dealt with, steps are taken to ascertain that the supplier actually exists. (AICPA)

n. Payments are made only on the basis of original invoices. (AICPA)

o. Responsibility is fixed for determining that all cash discounts are taken and, if applicable, that exemptions from sales, federal excise, and other taxes are claimed. (AICPA)

p. Differences in invoice and purchase order price, terms, shipping arrangements, or quantities are referred to purchasing for review and approval. (AICPA)

q. The accounting department records and follows up partial deliveries. (AICPA)

r. The accounting and purchasing departments are promptly notified of returned purchases, and such purchases are correlated with vendor credit advices. (AICPA)

s. The program and expenditure account to be charged is reviewed for propriety and budget conformity. (AICPA)

t. Check signers or other responsible officials determine that restricted revenues are expended only for restricted purposes. (AICPA)

u. Procedures exist to ensure adjustment of the reserve for encumbrances (obligations) when invoices are prepared for payment. (AICPA)

6. Disbursements: The government has established controls to ensure disbursements are properly authorized, documented, and recorded.

a. Procedures exist for disbursement approval and warrant or check-signing. (AICPA)

b. There is control over warrant or check-signing machines as to signature plates and usage. (AICPA)

c. Procedures exist to notify banks when a new signer is authorized or a previous signer leaves the employ of the government. (AICPA)

- d. The signer is furnished with invoices and supporting data and they are reviewed prior to signing the warrant or check. (AICPA)
- e. Reasonable limits are set on amounts that can be paid by facsimile signatures. (AICPA)
- f. Two signatures are required on all warrants or checks over a stated amount. (AICPA)
- g. Signature plates are maintained in the custody of an authorized person or the person whose facsimile signature is on the plate when not in use. (AICPA)
- h. Plates only under the signer's control are used and that person or an appropriate designee records machine readings to ascertain that all checks or warrants signed are properly accounted for. (AICPA) Invoices and supporting documents are canceled by or in the presence of the signer at the time of signing. (AICPA)
- j. Signed warrants or checks are delivered directly to the mail room, making them inaccessible to persons who requested, prepared, or recorded them. (AICPA)
- k. Warrants or checks are cross-referenced to vouchers. (AICPA)
- l. Warrants or checks are controlled and accounted for with safeguards over those unused and voided. (AICPA)
- m. The drawing of warrants or checks to cash or bearer is prohibited. (AICPA)
- n. Procedures exist ensuring that warrants or checks that have been signed and issued are recorded promptly. (AICPA)

7. Accounts Payable Encumbrances or Obligations: The government has established controls to ensure payables/encumbrances (obligations) are properly authorized, documented, and recorded.

- a. Statements from vendors are compared on a regular basis with recorded amounts payable. (AICPA)
- b. If an encumbrance (obligation) system is used, outstanding purchase orders are reconciled to the reserve for encumbrances (obligations) on a monthly basis. (AICPA)
- c. Encumbrance (obligation) entries are recorded only on the basis of approved purchase orders. (AICPA)
- d. Procedures exist ensuring that accounts payable and encumbrances (obligations) are applied against the appropriate account. (AICPA)
- e. Procedures exist ensuring that department heads are notified of payments made against accounts payable and encumbrances (obligations). (AICPA)
- f. Trial balances of reserve for encumbrances (obligations) and accounts payable are prepared on a regular basis. (AICPA)
- g. Trial balance footings are checked and traced to the individual items as well as comparing the total to the general ledger balance by an employee other than the accounts payable clerk. (AICPA)
- h. Transactions between funds in all affected funds are posted in the same accounting period and on a timely basis.

## Chapter 10: Information System

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government maintains an information system to provide quality data.**

1. Segregation of Duties: The government segregates duties to prevent unauthorized transactions by appropriately limiting access to data systems processes and functions.

a. The EDP department is independent from the accounting and operating departments for which it processes data. (AICPA)

b. Appropriate segregation of duties exist within the data processing function for (a) systems development (design and programming), (b) technical support (maintenance of systems software), and (c) operations. (AICPA)

c. In smaller and minicomputer installations with limited opportunities for segregation of duties, procedures exist for user departments to:

- Use batch or other input controls.
- Control master file changes.
- Balance master files between processing cycles.

d. The personnel policies of the EDP function include such procedures as reference checks, security statements, rotation of duties, and terminated employee security measures that enhance segregation of duties and otherwise improve controls. (AICPA)

2. User Controls: The government's user controls ensure authorization prior to processing transactions and ensure all output represents authorized and valid transactions.

a. Controls exist over preparation and approval of input transactions outside the EDP department and the department is prohibited from initiating transactions. (AICPA)

b. The user exercises control procedures over input to ensure that all approved input is processed correctly through the system and only once. (AICPA)

c. Controls exist over entry of data in on-line systems to restrict access to terminals and data entry to authorized employees. (AICPA)

d. On-line systems controls exist that prevent documents from being keyed into the system more than once and that permit tracing from computer output data source and vice versa. (AICPA)

e. Controls exist over changes to master files, such as requiring preparation of specific forms indicating data to be changed, approval by a supervisor in the user department, and verifying against a printout of changes. (AICPA)

f. Controls exist over rejected transactions through the use of a computerized suspense file of rejected transactions or an auxiliary manual system. (AICPA)

g. User department management reconcile output totals to input totals for all data submitted, reconcile the overall file balances, and review outputs for reasonableness. (AICPA)

3. Application Controls: The government has established appropriate data controls between the user and the data system department.



- a. Procedures exist within the data processing control function that provide that data is properly controlled between the user and the EDP department. (AICPA)
  - b. Controls exist over data entry, for example, that include adequate supervision, up-to-date instructions, key verification of important fields, and self-checking digits. (AICPA)
  - c. Program controls exist over entry of data into on-line systems. (AICPA)
  - d. Input data is edited and validated. (AICPA)
  - e. Data processing controls exist over rejected transactions. (AICPA)
  - f. Controls exist for balancing transactions and master files. (AICPA)
  - g. Procedures exist within the data processing control function concerning review and distribution of output. (AICPA)
4. General Controls: The government has established general controls designed to provide physical security over terminal limit access to data programs and data files, and to control risk in systems development and maintenance.
- a. The government has an EDP Steering Committee responsible for approving all major data processing projects and establishing data processing priorities.
  - b. The government has written short- and long-range EDP plans.
  - c. Controls exist over changes to system software. (AICPA)
  - d. Controls exist over use and retention of tape and disk files, including provisions for retention of adequate records to provide backup capabilities. (AICPA)
  - e. Controls exist that limit access to data processing equipment, tapes, disks, system documentation, and application program documentation to authorized employees. (AICPA)
  - f. A job accounting system (or console logs) is used to ensure that scheduled programs are processed and proper procedures followed and that supervisory personnel know that only required programs have been processed. (AICPA)
  - g. EDP department employees are supervised for all shifts. (AICPA)
  - h. Procedures to be followed by computer operators are documented. (AICPA)
  - i. The data processing system is documented such that the organization could continue to operate if important data processing employees leave. (AICPA)
  - j. The government has a written policy standards manual that includes documentation standards, personnel policies, systems development and maintenance standards, operations policies and access security policies.
  - k. Procedures exist to protect against a loss of important files, programs, or equipment. (AICPA)
  - l. The government has a written disaster recovery plan that includes an alternative site with compatible systems for critical applications.
  - m. Equipment, programs, and data files are covered by insurance. (AICPA)
  - n. There are user-approved written specifications for new systems and modifications to existing application systems. (AICPA)
  - o. There are written procedures to test and implement new systems and modifications to existing application systems. (AICPA)
  - p. The government has assessed the impact of the year 2000 on its information technology and established a plan for becoming Year 2000 Compliant.

## Chapter 11: Facilities Maintenance

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government uses cost-effective methods of providing maintenance and operations services.**

1. The government periodically evaluates maintenance and operations activities to determine the most cost-effective means of providing needed services, including consideration of management, outside contracts or privatization, and joining associations of other government agencies.
  - a. Costs of general support services are clearly related to and consistent with the objectives and responsibilities assigned to central administration by budgeting for each major activity/priority. Cost-effectiveness measures are established for all general support activities.
  - b. The government evaluates contracted and/or privatized services to verify effectiveness and cost savings.
  - c. The government periodically evaluates existing services to explore the feasibility of using outside contracts or privatization and/or identify improvements.
  - d. The government periodically evaluates the feasibility of contracting with or joining associations of other government agencies to perform functions of the government.

### **B. The government ensures that maintenance and operations functions are performed in accordance with legal responsibilities.**

1. The governing board provides procedural guidance in areas such as replacement and selection of equipment, infrastructure replacement, purchasing of supplies and materials, level of maintenance expectations, and maintenance operations budget criteria.
  - a. The board has approved a maintenance department mission statement that clearly defines the purpose and focus of the department.
    - 1) The mission statement is in writing and approved by the governing board.
    - 2) The mission statement clearly identifies department customers.
    - 3) Employee input was used in the development of the mission statement.
    - 4) The mission statement is posted and shared with all employees of the department.
    - 5) Employees are familiar with the mission statement and understand the purpose of the department.
  - b. The government has written procedures that provide for replacement and selection of equipment; infrastructure replacement; purchase of supplies and materials; level of maintenance expectations and maintenance standards; maintenance and operations budget criteria; management of facilities; facilities standards; personnel staffing policies; and use of facilities and equipment.
  - c. Maintenance adheres to government procedures in carrying out duties and responsibilities.
  - d. Up-to-date maintenance department written operational procedures are available to personnel.
    - 1) Files and records of procedures and practices are maintained.
    - 2) Procedures are readily available for review.
    - 3) Training is provided to employees regarding work procedures, job safety, and quality of work.

- 4) Procedures are updated on a regular schedule and employees are included in the process.
- e. The maintenance and operations department is administered in accordance with an organizational chart that has been approved by the governing board.

**C. The government accomplishes maintenance program goals and objectives through the use of qualified maintenance and operations personnel or contracting for services.**

1. The maintenance and operations departments have adequate staff to meet their program goals and objectives.
  - a. The government has an appropriate staffing formula.
    1. Staffing is sufficient to perform preventative maintenance, normal maintenance, and emergency maintenance.
    2. Staffing formulas provide for additional staff as new facilities are brought on line and as existing facilities become older and require more maintenance.
  - b. Job vacancy notices adequately describe job responsibilities; job qualifications; operations, professional requirements, application and selection criteria; and salary ranges/work days/fringe benefits.
  - c. The selection process meets state and federal guidelines related to equal employment opportunities.
  - d. Personnel screening procedures contain methods to evaluate qualifications of prospective employees.
  - e. Personnel procedures ensure that adequate personal and professional references are obtained. References are contacted.
  - f. Procedures are established for attracting qualified applicants based on government size, location, and needs.
2. The maintenance and operations departments have a written job description for each position within the department.
  - a. Job descriptions have been developed that properly reflect the needs of the department.
  - b. Job descriptions are reviewed and updated periodically to address changing requirements and actual practices.
  - c. Staff participates in the writing and review of job descriptions.
  - d. Job descriptions are readily available for staff to review.
3. The government clearly communicates performance standards to maintenance and operations staff.
  - a. Work standards, quality levels, completion schedules, and other standards for job performance are established and based on appropriate industry standards.
  - b. Performance standards for commonly repeated tasks have been established by the government on the basis of internal evaluation and benchmarks of industry practice, and are used for assigning work and conducting performance appraisals.
  - c. Employees have the opportunity to review their performance appraisals and measurement according to established standards.
  - d. The government provides training where required, to assist employees in meeting work standards.
4. The government provides appropriate supervision of maintenance and operations staff.
  - a. Evaluations are performed in accordance with board procedures.
  - b. Supervisor/employee ratios have been established and are based on appropriate industry standards.
  - c. Levels of authority and responsibility have been assigned to each position.
  - d. A work order tracking system is used to increase management capability.
5. The government provides a staff development program that includes appropriate training for maintenance and operations staff to enhance worker job satisfaction, efficiency, and safety.

- a. The government has an active staff development and training program based on government size and capabilities and identified needs. Annual planned training programs are implemented for trades personnel, support and supervisory personnel, and administrators.
- b. Written training goals are established in the areas of safety, trades enhancement, cross trades utilization, interpersonal team skills, government policy awareness, and department procedures.
- c. The maintenance and operations director works closely with the curriculum development department to ensure a planned, sequential program for personnel skills development.
- d. The programs include technical training as well as personnel interaction strategies. Training is individualized when possible to fit skills/trades/group needs.
- e. Instructors used for staff training are from appropriate trade/instructional areas. The government uses outside professional training where possible (manufacturer's training representatives/technical experts).
- f. Training programs provide an opportunity for staff feedback and evaluation.
- g. Where possible, there is a defined apprenticeship program.

**D. The government has an annual budget for facilities maintenance and operations to support annual ongoing maintenance and deferred maintenance requirements to control and track maintenance and operations costs, to include infrastructure.**

1. The administration has developed budgetary guidelines to provide for funding in each category of facilities maintenance and operations.
  - a. The annual budget addresses short-term objectives and long-term goals for maintaining and operating government facilities.
  - b. Funding is provided in the budget for annual ongoing maintenance programs in order to avoid high repair or replacement costs in future years.
  - c. The budget adequately addresses recurring maintenance tasks.
  - d. The government funds deferred maintenance projects within the resources available.
  - e. The budget for physical plant maintenance by appropriate industry standards such as cost per square foot, , cost per mile, percentage of total general fund operating budget, and historical budget expenditures.
  - f. The budget process provides for periodic evaluation of actual versus planned expenditures.
2. The board has an established provision for a maintenance reserve fund to handle one-time expenditures necessary to support the maintenance and operations.
  - a. The maintenance department has access to special reserve funding to meet unique situations created by new programs mandated by the state or federal government.
  - b. The budgetary policy is flexible enough to ensure funding of unforeseen maintenance needs that could adversely affect the government's mission if not funded (e.g., emergency funds).

**E. The government has established maintenance standards to be used in planning and managing the maintenance program and in evaluating whether the department is achieving its program goals and objectives.**

1. The government has established maintenance standards in its short- and long-term plans for providing adequately maintained facilities and infrastructure.
  - a. The government has established short- and long-term goals and objectives, based on need, for the maintenance department that are consistent with the mission statement.
  - b. The government has established appropriate maintenance standards in its short- and long-term plans. The long-term plans include a written comprehensive projection of the following needs:
    - 1) Manpower;
    - 2) Budget;
    - 3) Equipment;
    - 4) Physical condition and repair/replacement needs of government facilities including, but not limited to, paint, roofs, HVAC equipment (tracking age and repair history), grounds (including paving), electrical service, and plumbing.
  - c. Physical condition and repair/replacement needs of government facilities including, but not limited to, paint, roofs, HVAC equipment (tracking age and repair history), grounds (including paving), electrical service and plumbing and infrastructure related assets.

- 1) Feedback is collected periodically from customers and self analysis is applied to improve the performance and productivity of the maintenance department.
  - 2) Customers are surveyed at least annually using a written instrument to determine strengths and weaknesses of the maintenance department service.
  - 3) Work order completion times are analyzed and adjustments are made for efficiency.
  - 4) The maintenance department analyzes effective work hours, and hours scheduled versus hours worked.
  - 5) Work order reports are produced periodically and analyzed to improve performance.
  - 6) Survey results are shared with customers and staff.
2. The government uses its maintenance standards to evaluate maintenance needs.
    - a. The government has identified and evaluated maintenance needs based on maintenance standards.
    - b. The government solicits input from government administrators to determine major maintenance needs.
    - c. The government evaluates facilities designs and costs to maintain; it implements labor savings, energy reduction, and reduced long term maintenance strategies.
  3. The government has a system for prioritizing maintenance need.
    - a. The government has guidelines to determine priorities of maintenance needs.
    - b. The government prioritizes maintenance needs based on its guidelines.
    - c. Government procedure determines when emergency maintenance is necessary and provides for effective emergency repairs.
    - d. The maintenance priorities consider the operational program needs of the government, the changing enrollment projections of the government, and long-range facility planning.
    - e. The government prioritizes maintenance needs and completes maintenance repairs accordingly.
  4. The government accurately projects cost estimates of major maintenance projects.
    - a. Cost estimates are based on the government's experience with prior similar projects, current estimating cost standards and market conditions.
    - b. The cost of inflation for maintenance projects is projected for five years.
    - c. The government periodically evaluates projected cost estimates for accuracy and utilizes this information to improve future estimates.
  5. The government minimizes equipment costs through purchasing practices and maintenance.
    - a. Inflationary costs for equipment are provided for a five-year period.
    - b. Volume purchases are considered.
    - c. Bidding procedures are followed (See RS 38:2212).
    - d. Preventive maintenance programs for equipment are in place.
    - e. Equipment replacement projections have been developed
    - f. Policies and procedures are followed for disposal of surplus (old, outdated, worn out, and/or otherwise unusable) furniture and equipment.
    - g. Refurbishing or repair are considered in lieu of new purchases.
    - h. The government considers equipment operating and maintenance costs when buying new equipment.
    - i. The government periodically conducts cost comparisons to determine whether purchasing practices have minimized costs.
  6. The government provides maintenance department staff the tools, training, and instructions required to accomplish their assigned tasks.
    - a. The maintenance department staff are provided with the tools necessary to accomplish assigned duties.
    - b. Tools and equipment that are seldom needed are readily available through other sources.
    - c. Training, supervision, and instruction given to staff is sufficient for accomplishment of their assigned tasks.

- d. The maintenance department communicates with maintenance personnel and customers in order to efficiently assign, schedule, and complete work.
7. The government has established a computerized control and tracking system to accurately track inventory and parts and materials used, and provide a reordering system
- a. The computerized work order system includes control of inventory as well as tracking of parts, materials, and equipment to individual work orders.
  - b. The inventory control system includes an inventory of commonly used parts, materials, and equipment, including those carried on maintenance vehicles.
  - c. A procedure exists for maintenance staff to acquire parts, materials, and equipment that are not stocked on maintenance vehicles.
  - d. The inventory control system includes an automatic reorder procedure.
8. The government ensures that maintenance standards are updated to implement new technology and procedures.
- a. Participation in state and national organizations is established in order to remain current with maintenance issues, new technology, equipment, materials, and procedures.
  - b. The maintenance department subscribes to various trade publications and the publications are available to employees.
  - c. A method is established to provide new information to workers.
  - d. The government updates maintenance standards to implement new technology and procedures, as needed.

**F. The government operates facilities in a healthy, safe, energy-efficient, and cost-effective manner.**

1. The maintenance and operations departments have adequate staff to meet their program goals and objectives
- a. The government has established standards for health and safety.
  - b. Government procedures address compliance with Environmental Protection Agency guidelines.
  - c. Periodic and documented evaluations are made of the condition of buildings, roads, etc.
  - d. There is a manual of operations for custodial services.
  - e. Pre-service and in-service training programs are made available to operations personnel.
  - f. Custodians accomplish limited maintenance work as part of their normal responsibilities.
  - g. The government has a written standard for cleanliness.
2. The government uses external benchmarks to determine a cost-effective manner of meeting its health and safety standards
- a. The government uses appropriate external benchmarks to evaluate the cost-effectiveness of its health and safety standards.
  - b. The district uses external benchmarks to achieve energy efficiency.
3. The government uses external benchmarks to achieve energy efficiency.
- a. The government collaborates with its utility providers, the U. S. Environmental Protection Agency, available local industry expertise and/or other organizations to identify energy efficiency benchmarks and implements actions to increase cost efficiency.
4. Hazardous materials management complies with federal and state regulations.
- a. The government is in compliance with Asbestos Hazard Emergency Response Act rules.
  - b. The government is in compliance with the Occupational Safety and Health Administration's Hazardous Communication Standards.
  - c. The government has developed a hazardous materials business plan.
5. The government has a comprehensive and systematic program for dealing with safety and security.
- a. The government has a disaster preparedness plan.
  - b. The government's safety committee has input in developing the government's comprehensive safety and security programs.
  - c. The government has a system for providing for physical plant security.

- d. The budget for dealing with vandalism is separate from the maintenance and operations budget.
- e. Procedures exist for reporting vandalism.
- f. Feedback from safety and security programs is provided to facilities planners and incorporated into future projects.

**G. The government makes facilities available to the entire community, to allow all taxpayers to benefit from the investment.**

1. The government follows established procedures for making facilities available to the community.
  - a. The government has developed procedures governing community use of government facilities.
  - b. The government's procedures include priority/eligibility for use, current fee schedules (revised annually), rules and regulations for users, security of property and equipment; and insurance coverage.
2. The government meets accessibility requirements for persons with disabilities.
  - a. Applicable state and federal laws, rules, and regulations are readily available.
  - b. The government complies with accessibility requirements.
  - c. Training is provided.
  - d. Resource materials are used to satisfy requirements.
  - e. The staff knows where resource materials are located.

## Chapter 12: Facilities Construction

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(Goals A, B, C. . . . . Best Practices 1, 2, 3. . . . Indicators a, b, c. . .)

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### **A. The government has a framework for long-range facilities planning, including infrastructure, to meet the needs of the government in a cost-efficient manner.**

1. The government has established authority and assigned responsibilities for facilities planning, to include infrastructure.
  - a. Written procedures exist establishing authority and responsibilities for facilities planning. These guidelines include responsibilities of the governing board as well as government staff.
  - b. The government periodically reviews those procedures to ensure that non-essential procedures are removed; that the guidelines provide for delegation of decision-making authority; and that the guidelines are current with federal law and state law.
2. The government has allocated adequate resources to develop and implement a realistic long-range master plan for public facilities.
  - a. The government has used staff time and fiscal resources to develop a long-range master plan that is accurate and comprehensive. For example:
    - 1) The government's data on projected demands for public services are considered in developing the plan.
    - 2) The government is using all public facilities to the fullest extent.
    - 3) Projects are prioritized.
    - 4) Projects of a critical nature are given priority over less critical projects.
    - 5) All projects are given estimated budgets and the items within each program's budget are prioritized in the event that the estimated budget will not be adequate for the stated program
    - 6) The plan has been reviewed with other related governments relevant to proposed new sites, impact on other units of government, projected growth, land use, projected infrastructure requirements, etc.
    - 7) The renovation and repair needs of aging facilities have been identified in the plan.
  - b. All available capital sources are being applied towards achievement of the long-range plan, and limited use capital funds are not being diverted to other lesser priority allowable uses.
    1. The government facilities director provides the governing board and the public a full, detailed accounting of the use of all capital funds each year (contracted services, day labor, purchase orders, others).
    2. The board has deleted items from the list of previous-year expenditures that do not relate to facilities improvements.
  - c. The long-range plan has realistic time frames for implementation.
    1. The tasks for achievement of all phases of each project have been incorporated including site purchases, board actions, interface with local and state entities, contingencies for weather delays, etc.
    2. The plan "times" the projects to available construction market capacities and maximizes potential best bid (pricing) opportunities.



3. The government has met its planned time frames. When time frames were not met the government revised its time frames accordingly and identified why the time frames were not met, with updates provided to the board and public.
- d. The plan contains an accountability component that provides assurance to the board and to the public that the projects addressed in the plan will be implemented at the proposed budget levels within the time frame outlined.
  1. There are quarterly reporting systems required that contain status, schedule, task/time assessments, budget update, program update, potential problems, and critical issues.
  2. The board has delegated adequate decision-making authority and holds the long-range plan manager accountable to resolve issues in a timely manner and keep the master plan on time and within budget.
3. The government has established a standing committee that includes a broad base of government and community stakeholders.
  - a. There is a facilities/infrastructure planning committee that is broadly representative of the community, and members are free from conflict of interest.
  - b. The committee's role has been established in writing. Government goals, procedures, and processes, as well as project responsibilities, have been explained to the committee, and members understand their role in the process.
  - c. The board has established the committee's goal and interim reporting targets.
  - d. There is a mechanism for documenting decisions of the committee and for submitting recommendations to the governing board.
  - e. The committee addresses future business needs and the resulting future operational program needs.
  - f. The committee addresses alternative program solutions and the feasibility of each.
  - g. There is a mechanism by which the planning committee is reconvened periodically to review the status of work on the long-range plan for the previous year, to consider any changing parameters, and to make recommendations to the governing board for adjustments to the long-range plan.
4. The government has assigned one person with the authority to keep facilities construction projects within budget.
  - a. The government has established the credentials and construction-related experience required for the individual responsible for implementation of the long-range plan.
  - b. The government has assigned this authority to an individual on staff who has the required credentials, or has either established a job description for such a person and advertised to fill that position or has advertised for appropriate professional consultations.
  - c. This position is held accountable for keeping facilities construction projects within budget.
5. The government has assigned budget oversight of each project or group of projects to a single project manager.
  - a. The government has established the credentials and construction-related experience required for the individual responsible for oversight of each project or group of projects.
  - b. The government has assigned this responsibility to an individual on staff who meets the criteria and has the required project management experience and has no conflict of interest.
  - c. Each project manager reports directly to the individual responsible for implementing the long-range plan.

**B. The government balances facility needs, costs, and financing methods through a capital planning budget.**

1. The government uses a capital planning budget based on comprehensive data collected in early stages of the master plan.
  - a. The government can demonstrate that a capital planning budget was prepared.
  - b. The government can demonstrate that preparation of the capital planning budget was based on a critical assessment of demographics and projected demand for public services; the adequacy of existing facilities and infrastructure are based on current and projected demand and use of public services; alternatives to new construction; operational program requirements; facility needs

- projected on a yearly basis over the next several years; costs associated with planned improvements and/or alternatives; and sources and availability of state and local income.
  - c. The government can demonstrate that, if local bond referendum proceeds were used to finance certain projects, the scopes of these projects were spelled out in the bond resolution and advertisement for the referendum
  - d. The government can demonstrate that, if local sales tax revenue was used to finance certain projects, the scopes of these projects were spelled out in the sales tax referendum.
2. In developing the capital planning budget, the government considers innovative methods for funding and financing construction projects.
    - a. The government considers innovative, non-traditional methods for funding and financing construction projects when developing its capital planning budget.
    - b. The government has evaluated the financial impact on current and future capital budgets.
    - c. The government has assessed each proposed project, eliminated non-essential programs, evaluated the size of spaces, proposed infrastructure construction and repair and building proposals for frugal construction.
  3. The capital planning budget accurately lists facility needs, costs, and recommended methods of financing for each year of a five-year period.
    - a. The capital budget lists accurate facility and infrastructure needs such as: site purchase, new construction, remodeling, renovation, and deferred maintenance.
    - b. The budget itemizes the cost of needed facilities and infrastructures.
    - c. The governing board establishes a total "not-to-exceed" project amount, including change orders, for each new project prior to the beginning of the initial planning phase.
    - d. The governing board establishes a total "not-to-exceed" cost-per-square-foot contract amount for each new project prior to the beginning of the initial planning phase.
    - e. The budget identifies sources of funds to cover listed expenses.
    - f. The budget sets priorities and delineates step-by-step implementation procedures for project funding in accordance with the master plan.

**C. The government uses a proactive system to select and economically acquire proper sites/projects in a timely manner.**

1. The government brings site/project selection well in advance of expected need with the establishment of a broadly representative site selection committee.
  - a. Government procedures require that a site/project selection committee review potential sites/projects and make recommendations to the board in priority order.
  - b. The government can demonstrate that a site/project selection committee assisted in determining projects and priorities.
  - c. The government can demonstrate that the committee began its work at least one year before recommendations were made to the board.
  - d. The government can demonstrate that the project was planned to occur prior to the projected need.
  - e. The government can demonstrate that an engineer/architect and a planner from local government were involved in the project selection.
2. The government has developed site selection criteria to ensure that service delivery points are located to serve the public economically, with maximum convenience and safety.
  - a. The government can demonstrate that site selection criteria were established prior to the identification of potential sites and includes future consideration of construction and operational costs.
  - b. The government can demonstrate that the site selection criteria included such general categories as safety, location, environment, soil characteristics, topography, size and shape, accessibility, site preparation, public services, utilities, costs, availability, political implications (zoning, environmental impact report requirements, joint use, etc.), etc.
  - c. The government can demonstrate that preliminary reviews and tests (geological, toxic, flood, airport proximity, etc.) were conducted prior to final selection.

3. The Board considers the most economical and practical locations for current and anticipated needs, including such factors as need to exercise eminent domain, obstacles to development, and consideration of agreements with adjoining counties.
  - a. The government can demonstrate that it properly anticipated and evaluated obstacles to development such as transportation plans, zoning, environmental concerns, and neighborhood concerns for each site considered.
  - b. The board determined that it was or was not willing to pursue condemnation to acquire selected sites.
  - c. The government can demonstrate that it used its site selection criteria to review and rank several potential sites.
  - d. The government can demonstrate that its determination of the most economical and practical locations compares favorably with its established criteria and its ranking of potential sites.
4. The government has a system to assess sites to ensure prices paid reflect fair market value.
  - a. Prices paid for sites reflect fair market value based on independent appraisals .
5. For each project or group of projects, the architect and government facilities planner develops a plan to serve as a decision-making tool for future facilities/infrastructure needs.
  - a. A plan showing the existing and proposed layout of buildings and grounds, parking and roads, as well as future additions and the expansions necessary to accommodate each site's maximum proposed usage was prepared by the architect and the government's facility planner to serve as a decision-making tool in planning future facilities needs and to manage implementation strategies.

**D. The district identifies future needs for sites and facilities based on an analysis of valid public service demand projections.**

1. The government can demonstrate that if identified facilities needs are based on thorough demographic study.
  - a. The government periodically conducts a government-wide demographic study.
  - b. The current demographic study was performed within the past five years by government staff or outside professionals.
  - c. Estimates of public service demands are based on changes in land use (residential, commercial, industrial, urban renewal, and agricultural), geographical limitations and developable land, local ordinances that regulate the rate of growth of the area, forecasts of economic conditions, reported by the private sector, availability of community services, and major highway and street networks and their probable future development.
  - d. The government's budget regularly includes funds to support demographic studies, staff, equipment, and reports.

**E. The government secures appropriate architectural services to assist in facility/infrastructure planning and construction.**

1. The government uses an architect selection committee to screen applicants and identify and evaluate finalists.
  - a. The government appoints a selection committee for each construction project.
  - b. The government can demonstrate that procedures for selection were in accordance with state law.
  - c. The government can demonstrate that selected candidates were interviewed.
  - d. The government can demonstrate that interviewers considered experience, adequacy of technical personnel and availability of particular individuals for the project, proximity of the architect's office to the government, thoroughness, creativity within the context of sound construction practices and wise expenditures of public funds, adequacy of supervision, business procedures and record keeping on the job, financial responsibility, suitability of size and type of organization and methods of operation, willingness of the architect to make changes in plans at various points in the process, ability and inclination of the architect to protect the government's interests in his or her dealings with the contractor, and that references were contacted.

- e. The government can demonstrate that finalists were evaluated based on personal interviews; visits to examples of their work; interviews with previous clients; examination of typical documents such as plans, specifications, and change orders; and visits to the architects' offices.
  - f. The government can demonstrate that the contracts with architects include all of the government's requirements, meet the requirements of current law, and clearly state the amounts and methods of compensation, and that compensation does not encourage over built or extravagant project costs.
2. The government involves architects in all key phases of the planning process.
    - a. The government can demonstrate that architects were selected early in the planning process.
    - b. The government can demonstrate that architects helped define project goals and needs.
    - c. The government can demonstrate that architects assisted with site selection.
    - d. The government can demonstrate that frugal and life cycle cost analyses were applied.
  3. The architect selection committee reviews and evaluates the architects' performance at the completion of projects and refers findings to the board.
    - a. Reviews and evaluations of architects' performance are conducted by the committee at the completion of project.
    - b. The findings of the reviews are referred to the governing board and to the architects.
    - c. This information is used when making future selections of architects.

**F. The government develops public service specifications for each project to meet service needs.**

1. The government develops a general project description that includes a brief statement as to why each facility is being built, where it will be located, the population it is intended to serve, its estimated cost, the method of financing, the estimated time schedule for planning and construction, and the estimated date of opening.
  - a. For each construction project the government develops a project description that includes the following:
    - 1) A stated rationale for the project;
    - 2) A narrative describing the government in general;
    - 3) A historical description of the growth pattern of the government;
    - 4) A map has been prepared that shows the location of the planned facility within the community and the proposed public service area of the facility;
    - 7) A construction budget;
    - 8) The source of funding for the project; and
    - 9) A planning and construction time line.
2. Facility planners, instructional staff, and the architect develop a complete set of public service specifications before the architect begins to design a facility/infrastructure.
  - a. The government can demonstrate that preliminary public service specifications were developed, where applicable, prior to actual design implementation.
  - b. The government can demonstrate that the architect was involved in developing the public service specifications.
  - c. The government can demonstrate that public service specifications were developed with input from operational staff.
3. The specifications include a public service or program component which include a statement of operating philosophy and program objectives.
  - a. The facilities/program administrative leader has been identified.
  - b. There is a statement of the goals and philosophy for both the government and the specific facility being planned.
  - c. Community relationships are addressed, including community expectations and coordination and cooperation with other public agencies.
  - d. Staff members have been involved in establishing goals, objectives, and instructional strategies.
  - e. Program objectives and activities have been defined.
  - f. Specifications address staffing and support services.

- g. The needs and design implications of advanced technology such as computers, integrated networks, and satellite transmissions and reception have been identified.
  - h. Attention has been given to providing flexibility in order to accommodate future program needs and management style.
  - i. The architect and project leader maintain operational specifications requirements within budget limitations.
4. The specifications include a description of activity areas that describe the type, number, size, function, special characteristics, and spatial relationships of program areas, administrative areas, and services areas in sufficient detail that the architect will not have to guess at what will occur in each of these areas.
- a. The number and size of areas required for each purpose has been derived as the result of an analysis of current space requirements, master schedule, planned programs, and staffing patterns.
  - b. The number and size of areas required for each purpose has been derived as the result of an analysis of current space requirements, master schedule, public services and staffing patterns.
  - c. The number of personnel using specific areas have been identified.
  - d. The spatial relationship of one activity area to another has been described.
  - e. There is a description of space relationship requirements for the separation of large-and small-work areas and for convenient of customers.
  - f. Environmental variables such as acoustical needs, visual needs, thermal requirements, and special aesthetic concerns have been identified and described.
  - g. All utility needs, including water, sewer, drainage, electrical, gas, compressed air, telephone, fire alarm, conduit cable for advanced technology, and satellite dish, have been identified.
  - h. An energy management system has been provided.
  - i. Storage requirements for individual activity areas and teaching stations have been identified.
  - j. Extra storage space has been considered for year-round programs.
  - k. The number, kind, and size of furniture and equipment items have been identified for each activity.
  - l. Emergency shelter accommodations have been included where required.
  - m. Planned expansion (portables) strategy has been included.
5. The government communicates general building considerations, including features of the facility and/or infrastructure in general, to the architect.
- a. The government can demonstrate that the architect has drawn a schematic layout of buildings, parking, roads, and playground areas to demonstrate the size of these facilities are adequate to meet all service needs.
  - b. The government has compared both the program costs and the cost of construction, energy conservation life cycle costing, and operation of the various designs that were considered.
  - c. Circulation patterns, for employees and customers, are well planned.
  - d. The facility has been planned to accommodate future expansion.
  - e. There are descriptions of the public address, closed-circuit television, telephone, computer networking, and security systems.
  - f. Security considerations are incorporated in the buildings' design and communications systems.
  - g. There is a determination of the potential use of the facility by the community, and includes design concepts to accommodate security, energy conservation, and citizen safety.
6. The government uses the specifications for public services provide by the facility/infrastructure as criteria for evaluating the architect's final product.
- a. The government can demonstrate that there has been ample communication among the planning leader, the users of the facility and the architect and engineers in the development of the program specifications and in the interpretation of these specifications into the design of the facility.
  - b. The government can demonstrate that the design solution has been matched against the written specifications to verify that the final plans represent the government's program goals.
7. All governing board-approved program requirements are communicated to the architect before final working drawings are initiated.

- a. The government can demonstrate that all program requirements were communicated to the architect before the commencement of final drawings.
  - b. The government can demonstrate that program specifications provide the planning team with an opportunity to reassess goals and objectives and to plan further programs and activities.
  - c. The government can demonstrate that the planning team has reassessed the program and identified future needs that will impact the design of the new facility/infrastructure.
  - d. The government can demonstrate that the planning team has evaluated existing facilities in terms of adequacy in support of current and planned programs and activities.
  - e. The government can demonstrate that the planning team has reported its findings and recommendations to the chief executive officers and the governing board.
8. The board minimizes changes to facilities/infrastructure plans after final working drawings are initiated in order to minimize project costs.
- a. Changes to facilities/infrastructure plans after final working drawings are initiated require board approval.
  - b. Change orders implemented do not result in the project exceeding budget, do not compromise operational specifications, and do not extend the completion date beyond the date projected, unless unforeseen circumstances occur.

**H. The government uses generally accepted architectural planning and financial management practices to complete projects on time and within budget.**

1. The board determines whether each new facility/infrastructure will be constructed using the traditional system of public works or by using some innovative system such as design/build or a construction manager.
  - a. For each new facility/infrastructure built in the past three years, the board formally selected the type of construction system to use.
  - b. The government can document that it considered the advantages and disadvantages including cost and management implications of using an innovative construction system versus the traditional construction system before deciding which system to use.
  - c. The government clearly identifies the advantages and disadvantages of the construction options associated with such new facility.
2. The architect prepared the building specification document.
  - a. The government can demonstrate that a contract and general conditions were prepared by the architect in coordination with the government's legal counsel.
  - b. The government can demonstrate that the contract and general conditions complied with the requirements of law and rule.
  - c. The general conditions specify the details of construction and materials; starting time; number of days allowed for construction; expected completion time; terms of payment bond, bid bond, and performance bond; workers' compensation and terms of liability insurance; prevailing wage to be paid; subcontractors to be used; non-collusion affidavit to be used; provisions to be included in change orders; and whether the government wants to include provisions established for negotiations and/or arbitration.
3. The architect coordinates plans, specifications, and questions concerning the project.
  - a. The government can demonstrate that all plans and specifications were coordinated through the government's planner and project leader.
  - b. The government can demonstrate that all plans and specifications were reviewed by those government personnel involved in earlier phases (instructional, administrative, maintenance, and safety persons).
4. After bids are opened and tabulated, they are submitted to the governing board for awarding the contract. Legal counsel makes certain that bid and contract documents are properly prepared and that the award is properly authorized.
  - a. Where bid, the government can demonstrate that bids were opened at the exact time advertised and inspected to confirm that all required documents (signed bid form, with dollar amount; bid bond;

- designation of sub-contractors; a non-collusion affidavit; and certificates regarding worker's compensation and liability insurance) are in order.
- b. Where contract was negotiated, the government can demonstrate that all provisions of law were met.
  - c. The government can demonstrate that after bids are opened, they are submitted to the Board for awarding of the contract.
  - d. The government can demonstrate that contract documents were reviewed by legal counsel.
  - e. The government can demonstrate that the contract was awarded to the lowest responsible bidder whose bid met the specifications.
5. The government requires the contractor to submit a signed owner-contractor agreement, workers' compensation insurance certificates, payment bond, performance bond, and guarantee of completion within the time required.
    - a. The government can demonstrate that each contractor awarded a contract has submitted a signed owner/contractor agreement, a workers' compensation insurance certificate, a payment bond, a performance bond, and a guarantee of completion within the time required.
    - b. An agreement was signed by the appropriate government official and the contractor.
  6. The architect recommends payment based on the percent of work completed. A percentage of the contract is withheld pending completion of the project.
    - a. The government can demonstrate that payments are made to contractors periodically on the basis of requests for payment reviewed by the architect.
    - b. The government can demonstrate that the architect recommends payment based on the percent of work correctly completed and in conformance with the contract or documents.
    - c. The government can demonstrate that a percentage of the contract is withheld pending final completion of the project to cover non-conforming work which must be corrected prior to occupancy.
    - d. The government has a system of internal controls to ensure that timely payments are made only after the architect's approval of the work completed, and with the concurrence of the government's project manager in charge of the project.
  7. The government requires continuous inspection of all construction projects.
    - a. The government can demonstrate that it provides and requires competent continuous inspection by an inspector who is satisfactory to the architect or engineer in charge.
    - b. The continuous inspection occurs for all construction projects and all renovation, remodeling, or alteration projects, for installation of portables, and for day labor projects.
  8. Buildings are not occupied and infrastructure not opened to public use prior to the notice of completion.
    - a. The government can demonstrate that the final inspection report and certificate of occupancy were filed before the building was occupied.
- I. To maximize use of new facilities/infrastructure, minimize operation costs, and provide feedback for future construction planning, the government trains building users and evaluates building use.**
1. The government conducts a comprehensive orientation to the new facility prior to its use so that users better understand the building design and function.
    - a. The government can demonstrate that an orientation program was implemented for staff, customers, and the general public.
    - b. The government can demonstrate that the orientation program included clear and understandable users' manuals for maintenance and operations staff.
    - c. The government's new facility orientation program is comprehensive and the government can demonstrate that the users have a better understanding of the building design and function as a result of the orientation meetings.
    - d. The government can demonstrate that the responsibility for the orientation program was shared by the architect, the facilities planner, the contractor, and/or the administrator.

2. The government conducts comprehensive building/infrastructure evaluations at the end of the first year of operation and periodically during the next three to five years to collect information about building/infrastructure operation and performance.
  - a. The government can demonstrate that a comprehensive evaluation was performed at the end of the first year of occupancy for each new facility that examined building operation and performance.
  - b. The government can demonstrate that other evaluations were performed at appropriate intervals during the first three to five years of operation.
  - c. The government can demonstrate that the facility planner and/or administrator was/were responsible for the post-occupancy evaluation.
  - d. The government can demonstrate that the post occupancy evaluation evaluated the completed facility in terms of its operational adequacy, function, safety, efficiency, and to suggest improvements to future facilities.
3. The government analyzes building evaluations to determine whether facilities are fully used, operating costs are minimized, and changes in the government's construction planning process are needed.
  - a. The government can demonstrate that a formal, structured post-occupancy building evaluation is performed that assesses facility use and operating costs.
  - b. The government can demonstrate that the results of the evaluation were used to compare the product with operational specifications to see whether the government received the product it said it wanted, and whether the government still needs the product it built.
  - c. The government can demonstrate that the results of the evaluation were used to provide the architect with corrective feedback to be used in the next planning cycle.
  - d. The government can demonstrate that an evaluation has been used to make changes, if necessary, to the government's construction planning process for facilities to be built in the future.
4. The government analyzes maintenance and operations costs to identify improvements to the government's construction planning process.
  - a. The government has identified and analyzed measures of maintenance and operations costs.
  - b. The government can identify improvements made to its construction planning process based on its analysis of maintenance and operations costs.
  - c. Changes implemented have resulted in cost savings that the government can document.
  - d. These identified cost-saving actions are consistently used on a government-wide basis.